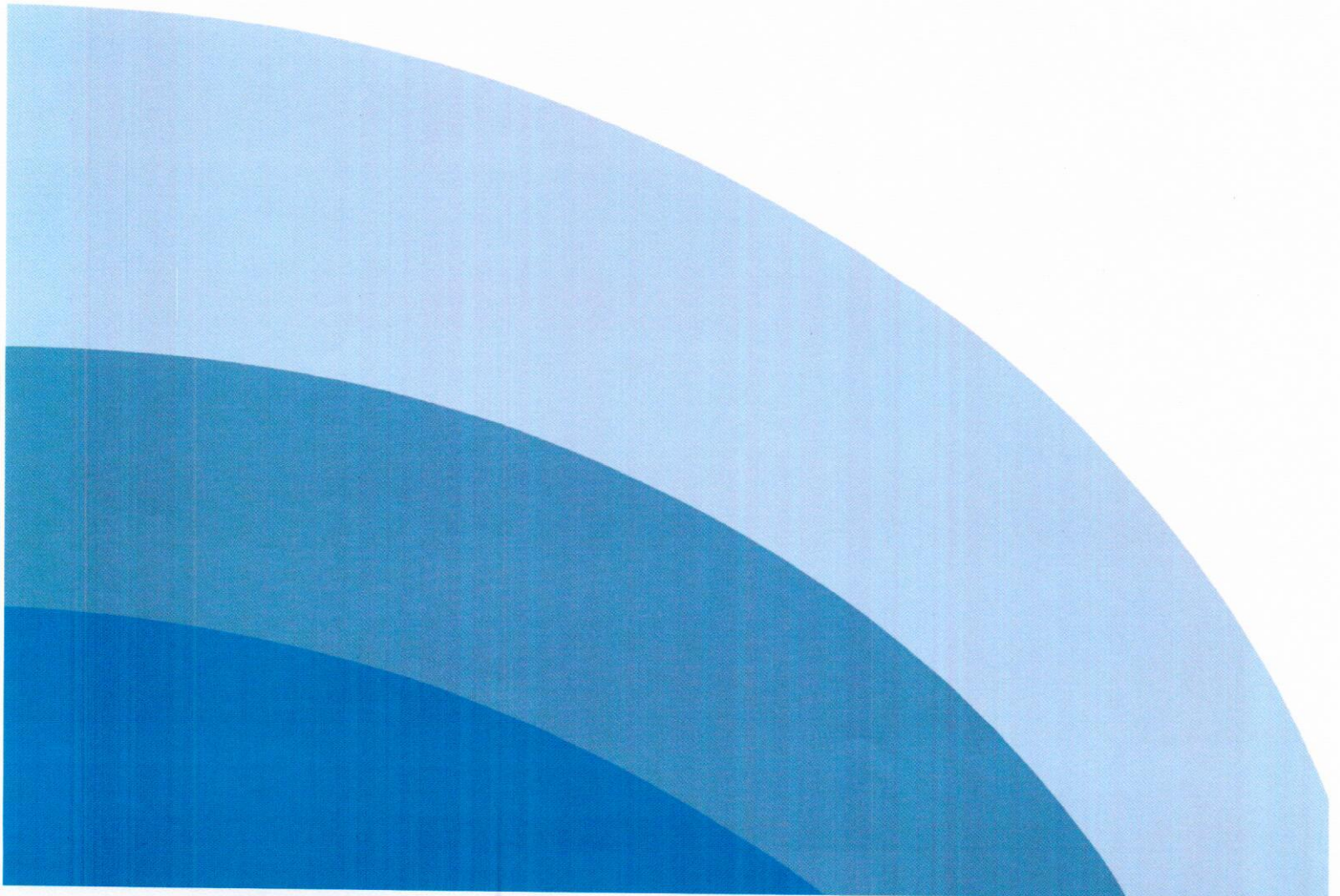


RAY SIGORTA A.Ş.
CORPORATE GOVERNANCE
COMPLIANCE
REPORT
2018



CORPORATE GOVERNANCE COMPLIANCE REPORT & CORPORATE GOVERNANCE INFORMATION FORM

Declaration of Compliance with Corporate Governance Principles:

Ray Sigorta A.Ş. shows great care in order to make sure that the Corporate Governance Principles are complied with. All of the mandatory principles included in the Corporate Governance Communiqué, no. II-17.1, are being strictly complied with, and a great part of the non-mandatory principles are also abided by. And actions for assuring compliance with the principles not put into practice yet are also ongoing. These principles are as follows:

- (a) **Principle no. 1.5:** The Articles of Association does not contain a specific provision on Minority Interests and Rights.
- (b) **Principle no. 3.2:** Supporting the Stakeholders in Participation in the Company Management. The Articles of Association does not contain a clause in connection therewith.
- (c) **Principle no. 4.2.8:** The provision requiring the Company to take out an insurance cover equal to 25% of the share capital of the Company against faults that may be committed by the Directors during performance of their duties is not applied.
- (d) **Principle no. 4.3.9:** Female Directors Quota. The Company determines a target rate and timing not being less than 25% for rate of female directors in the Board of Directors, and produces a policy for achievement of this objective. However, for now, we do not have any female director in our Board of Directors.
- (e) **Principle no. 4.5.5:** A Director should not principally be elected to more than one committee. This rule is being abided by, save for the Independent Directors.
- (f) **Principle no. 4.6.5:** Remunerations paid and all other benefits provided to the Directors and other managers and executives with managerial responsibilities are made public through the annual report. This disclosure is required to be made on the basis of persons. However, this disclosure is not made on person basis in our Company.

As for the non-mandatory principles, disclosures are made in the following sections of this report. To date, no conflict of interests has been faced due to non-mandatory principles not put into practice. Some certain in-house arrangements are made for avoidance of the conflicts of interests.

You can reach Corporate Governance Compliance Report and Corporate Governance Information Form which have been arranged by our firm at the below addresses

Public Disclosure Platform <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1063-ray-sigorta-a-s>

Company's official internet site <https://www.raysigorta.com.tr/About/General/11585/2018-uyum-raporu>

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	X					
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.					X	There is any article in Article of Association of Ray Sigorta A.Ş.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.					X	There is any request to contribute to the General Assembly by public
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	There is any article in Agenda
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			There is any article in Article of Association because the biggest shareholder's share, except main shareholder, is smaller than % 1
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.					X	Up to now net profit has set off to the accumulated losses account
1.7. TRANSFER OF SHARES						

1.7.1 - There are no restrictions preventing shares from being transferred.	X				There is a limitation according to "Insurance Law " number 5684. This limitation is stated in Article 7 of Article of Association.
2.1. CORPORATE WEBSITE					
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X				
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X				
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X				
2.2. ANNUAL REPORT					
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X				
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X				
3.1. CORPORATION'S POLICY ON STAKEHOLDERS					
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X				
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X				
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X				
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X				
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT					
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X				There is being thought of any substance in the Articles of Association.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X				
3.3. HUMAN RESOURCES POLICY					
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X				
3.3.2 - Recruitment criteria are documented.	X				
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X				
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X				
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X				
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X				
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X				
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X				
3.3.9 - A safe working environment for employees is maintained.	X				
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS					

3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X			
3.4.2 - Customers are notified of any delays in handling their requests.	X			
3.4.3 - The company complied with the quality standards with respect to its products and services.	X			
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X			
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY				
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X			
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X			
4.1. ROLE OF THE BOARD OF DIRECTORS				
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X			
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X			
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS				
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X			
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X			
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X			
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X			
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X			
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X			
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X		Liability insurance is not being thought of because the main shareholders's share is 95%.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS				
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X		Term of office of our existing Directors is going to expire in the year 2020. At present, our Board of Directors has not yet made a plan in relation therewith.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X			
4.4. BOARD MEETING PROCEDURES				
4.4.1-Each board member attended the majority of the board meetings in person.	X			
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X			
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X			
4.4.4 - Each member of the board has one vote.	X			
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X			
4.4.6 - Board minutes document that all items				

on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X				
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	X				
4.5. BOARD COMMITTEES					
4.5.5 - Board members serve in only one of the Board's committees.		X			Because there are two independent members, one of the independent member serves more than one committee
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X				
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.				X	External consultancy service is not used by the Board of Directors
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X				
4.6. FINANCIAL RIGHTS					
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X				
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X				
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X			Disclosure of payments made to the General Manager and the Management Board members on personal basis is considered under the "Trade Secrets".